

An Overview of the LAKE County 2009 pay 2010 Annual Adjustment October 8, 2009

It should be noted that the annual adjustment requirements were performed by different entities, depending on the township involved. In Calumet, Ross and St. John townships, each individual township office reviewed the sales files, performed market adjustments and all other activities in regards to the annual adjustment process, except for the county-wide updating of commercial & industrial improvement cost tables. Likewise, each township prepared their own ratio study and the data contained therein. Specific questions about methodologies, data, sales, etc should be addressed to the county and specific township.

In the remaining eight townships of Cedar Creek, Center, Eagle Creek, Hanover, Hobart, North, West Creek and Winfield, the county contracted with Nexus Group, Inc. to perform all aspects of the annual adjustment process. The same contractor has been used in these townships since 2006 pay 2007 for such services in those townships.

The following activities occurred in the various townships in regards to the annual adjustment process in Lake County for 2009 pay 2010:

County-wide

First, it should be noted that the 2008 pay 2009 adjustment process was completed in April 2009, approximately 6 months ago. During the interim period, the Lake County Assessor's office has completed the process of absorbing the North Township office, the 65,000 parcels therein and the associated tasks. On the real property assessment side, some additional error correction process has occurred subsequent to the prior year conversion from "SABRE" assessment system to Proval®.

Township specific comments

Calumet TWP:

Residential: The Gary and Calumet Township real estate market experienced a severe recession in 2008, resulting in a high foreclosure rate. More than fifty percent of the sales transactions were foreclosures essentially constituting the market. After a trim adjustment for excessively low and high ratios, a significant number of these foreclosures were used in this analysis, adversely affecting the coefficient of dispersion and tests used to measure appraisal level and uniformity.

Please review the attached memos on the township procedures on sales verification process.

Remaining Townships:

Similar procedures as in prior years were implemented with only minor neighborhood-specific adjustments. Especially in North Township, a significant percentage of market adjustment factors were decreased from those previously employed. Also, North Township experienced a significant flood event in late Summer 2008. This led to the invalidation of some prior sales in those particular areas as the improvements experienced significant changes to value. Approximately 2500 parcels that field 137-R forms were received per damage in North TWP. Those properties and

many adjoining were field reviewed in late 2008 and early 2009 with adjustments made accordingly. A list of neighborhoods so affected can be provided upon request.

Updated Commercial & Industrial Improvement Values

New commercial and industrial cost table updates based on estimated constructions costs as of 1-1-08 were implemented as the basis for updating commercial and industrial improvement values. The implementation of the Proval® CAMA system facilitated this change for 2009 pay 2010. The county also changed the base year of depreciation reference to 2008.